Saskatchewan
Agriculture
and Food

Goals for Family Living and Farm Management

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Foreword

The Role of the Farm Manager

Farm management simply means making decisions needed for running the business. This includes all decisions which have something to do with how the farm is organized and operated e.g., decisions such as buying a farm, borrowing money, purchasing machinery, going into livestock, production practices, marketing, work habits, etc.

Because of the effects of decisions made, management is clearly the most important job the farm manager has. Management is even more critical than how hard a farmer works -- mainly because the modern farm business is large, requires a great deal of investment, is faced with increasing economic pressure, and is relatively complicated. As a result, the effect of good or poor management shows up more quickly now than in the past and has a greater influence on farm earnings.

Decisions vary as to importance. Some decisions are very crucial and may affect the farm business for many years to come. In some cases the farm family's entire future may be affected. The consequences of other decisions are much less critical and often the choice made does not matter a great deal. However, over a period of years the effect of all the decisions made shows up and determines to a considerable extent how much success is achieved and how quickly it is realized.

Goal Setting

The first step in making sound management decisions is to decide on your long and short term goals. Management decisions are easier to make if a farmer and his/her family know what their personal goals are and what goals and expectations they have for the farm business. By relating the decision-making process to goals the purpose of decisions becomes more clear and decisions are easier to cope with.

Goals require careful thought and understanding particularly as to the relationship between goals for the family and goals for the business. Conflicts may appear to exist between the needs of the farm and the needs of the family especially during the developing stage of the farm business. During this period the farm usually needs to expand as quickly as possible to increase farm earnings required by the family. However, the family may need extra income now. This forces a choice between using farm earnings to develop the farm business or diverting it for personal purposes. Where such conflicts exist they must be reconciled before a decision can be made. When faced with problems of this nature it is particularly important to berealistic about the economic conditions under which the farm must operate, the income that can be expected, and family income requirements for both now and in the future.

It must be recognized that goal determination is very much an individual matter. Every farm family may have somewhat different values and, consequently, different goals. Since goals influence the kinds of decisions made by farm manager it is realistic to expect different kinds of management among different farms. The success of management is not necessarily so much a matter of maximizing profits as it is achieving the desired goals of the farm manager and his family. Some of these goals might be:

- having a reasonably comfortable living
- making the most money possible
- operating a successful farm business
- having ample leisure time and social contacts
- having a close family relationship
- education for the children
- prestige or recognition
- active involvement with community work or public affairs
- a show place for buildings, machinery, livestock, or crops

It is important to realize that while a farm family may place a high priority on certain personal goals the realization of such goals may well depend on whether or not the farm business operates on a financially sound basis. A financially sound farm business can be considered to be one which satisfies the income needs of the family according to the levels it has set for itself. Also, the realization of a particular goal for the future may depend on whether or not a choice was made earlier in favour of the farm business as opposed to a personal need or want. An example of this would be investing limited funds in more land instead of a new house. Such a choice could be made for the purpose of increasing farm earnings so that the children could receive a higher level of education.

Determining your goals is an important process but is not something that comes up in a normal conversation. In order to determine our goals we must make an effort to discuss and develop them with our spouse and/or management partner and family. Having a definite plan of where you want to be in 5, 10 or 15 years is preferable to going through life without a plan. The goal setting process will help you to plan for the future and enable you to strive toward your goals in all decisions you make. This bulletin contains worksheets that will help you complete a self assessment and assist you to develop your short term and long term goals for your family and farm. By working together with your spouse and/or management partner, you can develop a set of common goals and ultimately a financial management plan based on those common goals.

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Introduction

The material for this bulletin has been taken from a goal oriented farm management course developed by Paul H. Gessaman, an Extension Agricultural Financial Economist, and Cathy Prochaska-Cue, an Extension Family Economics Management Specialist. Both are with the United States Department of Agriculture in Nebraska.

This material was prepared for use by farmers and ranchers to help them develop a goal oriented financial management plan. The goals material was meant to be used in conjunction with a financial planning package consisting of a Net Worth, Cash Flow, and Income Statements. In order to evaluate your goals the completion and analysis of these financial statements is necessary to determine if your goals are realistic and achievable. If your goals are not achievable when considering your financial situation then your management team should reevaluate its goals to arrive at a set of goals that are achievable.

Goals Part I Lesson Plan

The recommended approach to analyzing your goals is by using the team approach together with your spouse and/or management partner. In each area of the worksheet complete the questions or assignments individually, then discuss your individual answers and complete a joint answer called a "Management Team copy". If your team consists of two people you will need three of these bulletins to complete the process. On the front of one bulletin write your name, on a second bulletin your management partners name, and on the third write the words "Management Team copy".

1. Read up to and including page 21 the introduction to the self assessment questions.

2. Answer the self assessment questions individually, then discuss your answers with your spouse and/or management partner. Complete the self assessment questions in your Management Team copy noting the range of your joint answers.

3. Read the introduction to the "self assessment interest and preference statements" on page 28.

4. Complete the self assessment and preference statements individually, then discuss your answers with your spouse and/or management partner then, complete the self assessment and preference statements in your Management Team copy.

5. Read the introduction to "Self Assessment Resources and Alternatives Questions" on page 32.

6. Complete the Resources and Alternatives questions individually then discuss your answers with your spouse and/or management partner. Do not complete this section in the Management Team copy.

7. Read Divorce? No--Murder? Maybe!!

A. Managing a Farm Business:

Nobody would argue the importance of good farm management. Management is important! However, there is a growing awareness in the farming community that farm management is now moving into a new era. The decade of the 1980s may well be remembered as the rebirth or the renaissance of farm management because rising costs and falling prices have once again forced many farmers into a very serious cost price squeeze.

The rising grain prices of the 1970s brought some welcome relief to the traditional cost price squeeze. Better prices and relatively low cost energy produced high net farm incomes that were totally unheard of in the past. Farming was profitable, even under relatively poor management.

It has been said that, "excessive profits are the breeding ground for poor management." Today, slim profit margins are forcing farmers to re-examine all aspects of their management.

While most farm families would agree that farming is a good way of life, it is very apparent that farming is very much a business. This farming business demands as many management skills as any other large non-farm business. The success or failure of this business, like other businesses, will to a large extent be determined by how well a farm manager can master these management skills.

B. What is Management

Management is a very commonly used word which has, through the years, been given many meanings. Depending upon whom you ask, you may get the following definitions:

- A Corporate Executive..."achieving the desired results through others."
- An Economist..."satisfying economic and social needs, by being productive, for the human being, for the economy and for society."
- A Farmer..."using what you have to get what you want."

Looking more closely at each of these definitions, there are three important components in all of them.

1. Goals or objectives are to be reached.
2. Limited resources are available.
3. There are alternative ways to reach objectives.

Given these characteristics a more formal definition of management may be as follows:

"The decision-making process whereby limited resources are allocated to a number of production, marketing and financing alternatives, to achieve the stated objective(s)." While the definition is somewhat lengthy, it does incorporate the three important components.

The subject of management is very extensive. In the last 15 years, possibly more books have been written on this subject than any other single topic. In this lesson we will confine ourselves more specifically to the area of farm management.

What is Farm Management

Farm management is the human activity which plans, organizes, directs and controls the operation of a farm business. The manager is the key figure. It is his responsibility to see that these activities are carried out.

In particular, farm management is concerned with decisions that affect the profitability of the business. It deals with the best use of the limited resources of land, labour and capital. It is applied to crop production, livestock production, soil science, agricultural engineering, horticulture, economics, and finance, just to mention a few. The end product of the discipline of farm management is measured in dollars. And profit is the best yardstick by which we can measure the success or failure of applied farm management.

C. TRAITS OF SUCCESSFUL FARMERS

A survey of outstanding young farmers conducted in ten different countries noted several distinctive traits and practices that separated them from the average. No doubt, a similar survey in Saskatchewan would produce similar results. The following is a brief summary of the traits found in the survey:

- They built enthusiasm by reading about new ideas and the success of others.
- They visited other farmers, research and extension people and attended farm meetings.
- The did a lot of experimenting and were always innovating.
- They took vacations which gave them time to think and rest.
- They borrowed money to purchase new and modern machinery.
- They were always searching for new and better ideas.
- They were highly motivated self-starters.
- They enjoyed making decisions, solving problems and accepting responsibility.
- They were aggressive, confident, liked the challenge presented by problems and the associated risk that went with farming.
- The were open-minded and were oriented more toward achievement than security.

It is interesting to apply this list of traits to some of the farmers in your area who you consider as being successful. How many of the traits can you identify as being present in yourself?

D. THE ROLE OF WOMEN IN MANAGING A FARM BUSINESS

Possibly no other business venture relies so heavily on the input of the spouse in determining success or failure. The role of women in managing a farm business has often gone unrecognized. This is unfortunate since plenty of evidence exists that their contribution has been considerable. It has only been in recent years that more attention has been focused on her contribution to the business.

Their involvement can be separated into two areas: Management and Labour. Most farm women get very involved in the farm business, especially during the growing season. They answer telephone calls, take messages on the radio, pick up repairs, transport men and equipment to and from the field, operate tractors, trucks and combines, and help with the chores. A recent survey shows that 68 percent of farm wives do farm work between May and November, and 55 percent help with farm labour between December and April.

In addition to providing this extra help during the busy season, women are also taking an active role in managing the business, a role that goes far beyond keeping records. Many are actually involved in making decisions. Research has demonstrated that, in most cases, group decisions are more favourable than the decisions made by individuals. Consequently,this joint team approach to farm management will result in better decisions and increased farm profits.

Dr. Hiram Drache, a successful Minnesota farmer, professor, and agribusiness consultant, has found, through research, that wives of successful farmers generally possess several common traits which are critical to the farm business.

- She is generally prepared to take risks. This is important in an era where farmers must borrow large amounts of money and deal with rapidly changing markets.
- She is most often the "attitude setter" in the family. The person who gets the family to cooperate to get the job done. Generally, the attitude of the mother is the key factor in whether her children will farm or not.
- She is the family's "stabilizer" in time of crisis: a critical trait where national and international events can change the farm's outlook overnight.
- She frequently shares the problems of the workload when the burden becomes too great for one person to endure.
- She often asks the key questions like why something should be done while her husband is more concerned with how it can be done.
- The final two traits found in successful farm women are motivation and pride--two traits anyone needs to succeed.

E. WHAT DO MANAGERS DO?

We have discussed the definition of management, and examined some key traits necessary to run a successful farm. But what do successful farm managers do? How do they spend their time? Possibly a better question is, what do they do differently from less successful farmers?

Good farm managers spend much of their time on management. They recognize that the most productive use of their time is to provide sound management to the farm business.

Specifically these management activities are: planning, organizing, directing and controlling. Each will be discussed in some detail. Although we can divide the manager's time into four areas for discussion, these activities are closely related and often overlap. Figure 1 illustrates an overview of management. Each activity supports the other and each one is as necessary as the spokes of a wheel.

Figure 1: The Management Wheel

To this you now add motivation, the force that drives the management wheel forward, or lets it slip into reverse.

Now, let us consider each of these in detail.

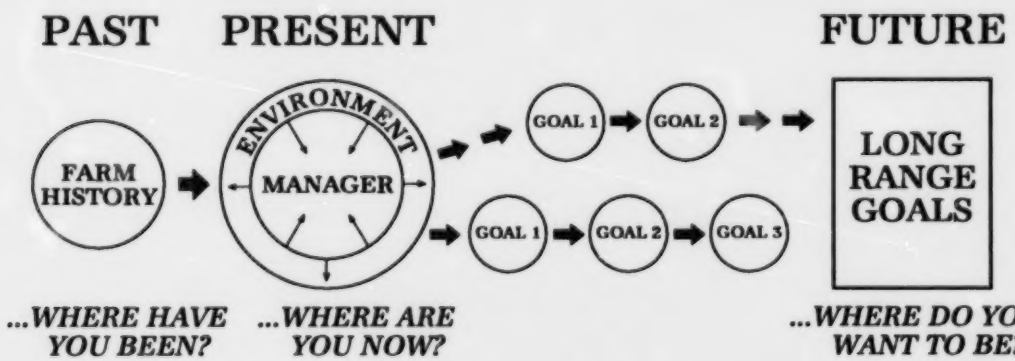
Planning

John Troche a former Michigan farm management consultant, writes: "planning is the most abused, misused, confused and unused of all management functions. It has been the victim of theorizing, pragmatizing, glamorizing and fictionizing. More time is spent by educators and executives on researching, writing and talking about planning than on planning itself." Each of the four parts in Farming to Win are devoted to farm business planning and some of the "tools" used to develop a sound plan.

A successful farm business is not the result of chance or luck, it is the product of good planning.

Planning is a process of thinking through what is desired and how it will be achieved. It involves thinking about the future in relation to the present and past. And it is a primary requisite to the other management activities of organizing, directing and controlling.

Figure 2: The Planning Process



As you can see in Figure 2, the planning process is simply looking at the past, where you have been; the present, where you are now; and the future, where you want to be. All three time frames are important to the planning process.

Past:

One of the best measurements of future expectations is an understanding of past performances. Without looking back, mistakes are all too easily repeated in the future, at times unknowingly. In looking back, the manager can ask himself what has worked, what have been his farm's strengths and weaknesses? An analysis of physical and financial records will show which production practices have worked and which have not and point out weak spots in the financial structure.

Present:

The next logical step is to assess the present situation. In doing so, consider both the external and internal forces that influence your decisions. The external factors cannot be controlled by management. But your planning must account for these external forces and, where possible, take advantage of them to minimize their consequences.

The external forces may be economic shifts in price or costs due to market conditions, inflation, or exchange rates. They may be physical problems caused by weather, disease, insects, birds and predators. Changing technology is another uncontrollable external factor that affects a farmer's plans. Changes in government regulations or monetary and fiscal policy is another. As is the gradual shift in customs, eating habits, and tastes of consumers which affect the market for farm products.

On the other hand, there are internal factors that the farmer can control which also must be considered in the farm plan. The first step in assessing these strengths and weaknesses is to objectively appraise all the resources available to the farm.

Farm managers control three basic resources: land, labour and capital. The manager, however, must decide how best to allocate these resources to achieve the overall farm objective. He must decide which crops are best suited to the farm's soil type, topography and climate, or where he should use his family's time and labour. How much capital should be borrow and where should it be spent.

Future:

The third aspect of the planning process deals with the future. Deciding where you want to be in one, five or ten years. People generally do not enjoy long range planning. Human nature would rather deal with current issues than long range plans.

The story is told of a salesman who drove into a Western Kentucky town where he saw a big white billboard with a little black target on it and an arrow right in the middle...a bull's eye. As he went down the street he saw another target on a telephone pole with another arrow right in the centre. Another bull's eye. All about town it was the same story...arrows dead centre of every target. So he said, "Somewhere there is a marksman in this place." and he looked around and finally he found him. He was the village idiot. And he said, "Boy you have a great gift! How did you get to be such a great marksman?" The idiot said, "Nothing to it, first you shoot... then you draw the target!"

One of the problems in farm planning is that some farm managers just don't believe in it. If the bank manager wants a plan, give him a plan and get on with the job. This lack of commitment to the process has been one of the stumbling blocks to effective management.

Good management demands planning.

Organizing

The second function of management is organizing. Of the four basic management activities, this has received least attention. Possibly because most farm managers associate organization with large groups of people, formal organization charts, job descriptions and lines of authority. However, farm managers should be sensitive to opportunities where organization will improve the overall efficiency of the farm business.

Even in a small business, such as a farm, someone must organize the tasks, the people and workplace. Specific jobs must be done, and on time to accomplish the farm's objectives. People do the work, but need to be organized to be efficient. The land, buildings, livestock and equipment, etc., should also be arranged in such a way as to save steps and improve overall efficiency.

It is the farm manager's responsibility to see that each person on the farm has a clearly defined role and responsibility. Only in this way can the manager make people accountable for results; it prevents buck-passing and confusion about who is responsible.

The need for organization becomes more critical as the farm business grows in size. Co-ordinating the tasks and the workplace for 20 employees is certainly more difficult than organizing only two or three people. Many farm managers find two-way radios helpful to organize many activities, especially during the seeding and harvest seasons.

Directing

Directing is the third management activity. It is not enough for the farm manager to organize the activities of family members or hired help. He must also provide leadership, supervision, motivation, and communicate well. Managers are directing when they see to it each individual's efforts are focused on reaching the goals and objectives of the overall farm plan. Good managers make things happen. The do not concentrate so much on doing things as they do on getting things done.

Many good ideas unfortunately all too often remain just that ... a good idea. The manager that can take a plan and produce the desired results has learned the art of directing.

Controlling

The fourth activity of management is to exercise control over how well things are done. Is the farm performing as well as anticipated in the plan? In this phase of management the emphasis shifts to looking at what is going wrong rather than what is going right and taking steps to correct the problem before it becomes serious. Take, for example, a hog enterprise that was expected to produce 15 weanlings per sow per year. As part of the control activity the actual number of pigs each sow weaned is recorded. If fewer than 15 piglets are being weaned, the manager should find out why this is so and take corrective action.

The three basic steps of management control are:

1. Establish standards for performance.
2. Measure performance and compare it to the standard.
3. If necessary take corrective action.

Now let us see how these steps would work in preparing a cash flow projection. By simply projecting the cash flow, the manager has committed himself to a standard performance. To measure performance he would record and report the actual cash flow each month or quarter, and compare it to the projection. If the actual cash flow is similar to the projection, then the plan is working. If it is not then he must find out why, and decide on what corrective action can be taken.

This is also an appropriate time to re-examine the original standards. Are they still realistic? Or in the light of the actual flow of cash in and out of the farm are they too optimistic or too pessimistic? Many people tend to lower their standards rather than take corrective action. This can be a mistake, particularly if the standards are not unreasonable. Looking for someone or something to blame for the failure is also rather common at this stage. "The manager that can smile when something goes wrong knows whom he is going to blame." The purpose of having controls is not to fix blame but rather to alert management to areas within the farm business that demand attention.

Large corporations employ controllers. Their job is to ensure that the company operates within a budget. Together, with the accounting people, they for a vital component of the management team. While their usefulness has long been recognized in the corporate world, the importance of control measures is only now becoming increasingly important in the business of farming. Many farmers now recognize the importance of keeping control of both their production and their finances.

We have briefly looked at some of the activities that managers must do in their role as manager. Why are all these activities necessary? The reason lies in the fact that every individual, organisation and business has goals and objectives that must be achieved. Goals and objectives arise from values held by these individuals, organizations and businesses. Let us now look at this in turn.

What are values anyway? Values are ideas or habits of thought that are very important to an individual. Why do some farmers want to become wealthy while others are content with a comfortable living? Why do some save to payoff a mortgage quickly while others feel quite comfortable with a great deal of borrowed capital? Why do some spend heavily on machinery while others prefer to do with less?

The answer to all these questions centre around different values. The list of values held by people is extensive, the following list is just a few examples: Security, risk, freedom, honesty, thrift, comfort, independence, power, tradition, prestige, work ethic and equality.

You may agree with all these or some of them--but some are sure to be more important to you that others. Decisions made everyday reflect values. We also know that at different stages in life some values will change. An illustration of this fact occurs when a teenager matures into an adult and values begin to change, much to the delight of the parents. A farmer nearing retirement has different values than a new entrant into the farming business.

Situations can also arise when several of the values held by a person are in conflict with each other. Whether written down or assumed, clearly understood or rather fuzzy, an individual's values are ever present and to a large part explain the behaviour of people. Values also exert a powerful influence on the task of establishing short and long term goals. Goals reflect values and serve as a link between values and behaviour.

We have already mentioned the importance of setting goals and objectives. Everyone agrees that setting goals and objectives is important. Fewer are sure how to go about it. For the purpose of this discussion we will define a goal as a result to be achieved over many years.

Objectives* are time-dimensional statements of direction and tend to be of a short-term nature. By setting and reaching objectives you eventually reach your goal just as one eventually gets upstairs by climbing up one step at a time.

Goals change as we attain them and also as our interests change. The pursuit of goals is a life long experience. If this is so, why is so little effort made to identify and clearly define individual goals? To be sure, it requires some effort, commitment, and above all else a deep realization that we can influence the shape of our future. Without clearly defined goals, results happen purely by chance.

G. Making Decisions

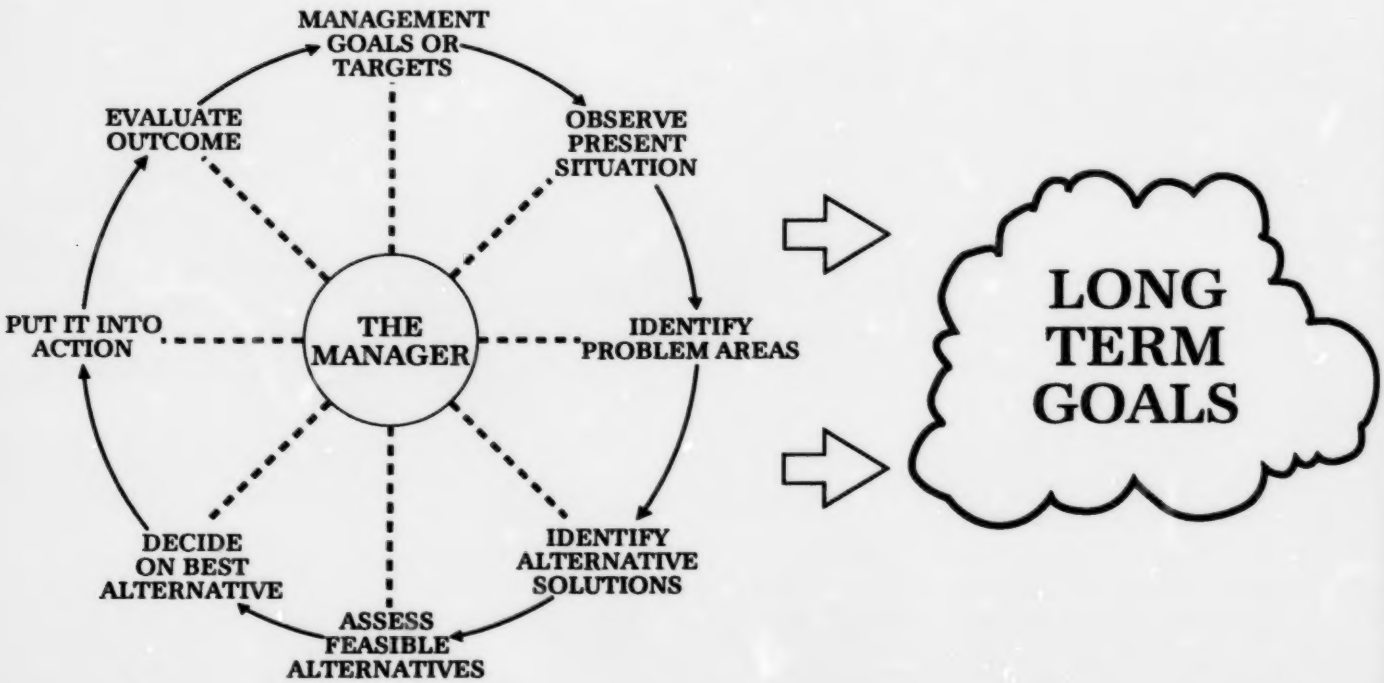
We now move into another important aspect of management, that of decision-making. Managers must make decisions. The story is told of a ship coming into a foggy New York harbour. Engineers from below deck call up, "Captain, any orders?" The captain replies, "Surrounded by fog, can't see a thing... use your own judgement." There is no room for indecision in management. Farmers make countless decisions throughout the production cycle when growing crops or raising livestock. Often, not making a decision implies a decision, perhaps not a good one but a passive decision nevertheless.

*Short-term goals often are referred to as objectives.

Decision-making has been studied at great length in recent years. An attempt has been make to look at each step in this process to gain a better understanding of just what is happening when managers make decisions. In some texts, decision-making has been expanded and referred to as the management process. Regardless of what it is called, the steps in making a decision are generally agreed upon. While we will look at each step, it is important to remember that each step is only a part of the whole process. Managers are not always consciously aware of which step is being considered when they make a particular decision, but most of us consistently follow this eight-step process whether we realize it or not.

The inter-relationship of each step can best be understood by looking at the model in Figure 3. The manager is at the centre, since he is the key figure, with the eight decision-making steps forming the rim of the management wheel which is moving towards the long-term goals of the farm business. Obviously in the real world decision-making is not as orderly and clear cut as our model. And the dotted lines illustrate this by indicating that a manager must consider all the factors involved even as he is concentrating on only one step, in the decision-making process.

Figure 3: The Decision Making Process



Let us now take a closer look at each of these eight steps.

1. ESTABLISH SHORT RUN GOALS

Define your short term goals, consistent with the family's long term goals.

2. OBSERVE THE PRESENT SITUATION

Once a goal has be identified, gather all the information and facts, and make some observations about the present situation.

3. IDENTIFY PROBLEM AREAS AND OPPORTUNITIES

Analyze the present situation and identify the problems which prevent you from reaching your goals or making the most of any opportunities that are available.

4. IDENTIFY ALTERNATIVE SOLUTIONS

Use your imagination and come up with as many positive solutions to the problems as you can. Social factors such as tradition, custom and social acceptability will place a natural limit on your choices at this point.

5. TEST ALTERNATIVES

The next step is to use a sharp pencil to test your alternatives. Use profit as a yardstick. This is where you can apply some farm management tools to weed out the non-paying alternatives. These tools will be discussed in later lessons. It is much cheaper to make mistakes on paper than to make them by trial and error on the farm.

6. CHOOSE THE BEST ALTERNATIVE

Having thoroughly tested each alternative, it is now decision time. Carefully evaluate the pros and cons of each one, and choose the best course of action. The inability to make decisions at this stage is all too common among some experienced managers. Some do not feel sufficiently comfortable with their information so they go back through the proceeding steps again. With most major decisions, managers never feel there is enough information. But with time and experience they come to realize you simply must learn to make decisions with the information that is available.

7. IMPLEMENT THE DECISION

This is where you make a commitment to your decision in terms of effort, time and money. Doubts are quite common at this stage, since it will be difficult and costly to change your mind once the resources are committed.

8. EVALUATE THE DECISION

The last step is to evaluate and monitor the effects of the decision. Does it meet the goals stated in Step 1? Watch for the development of unforeseen problems and be ready to refine your plans to solve them quickly. Evaluation is an ongoing process and as new problems arise they take you back to Step 1 where you start the decision-making process over again.

As you can see the eight steps do follow a logical sequence. Now that we are familiar with this sequence let us see how it would be applied in a practical situation.

Establish Short-Term Goals

The farm manager establishes his goal--to increase net farm income by $5,000 in the next year.

Observe the Present Situation

He has an old barn that has not been used for several years. Also serious cash flow problems exist. Net farm income is insufficient to provide his desired life-style and fluctuates greatly from year to year. His farm needs a lot of operating capital and consequently he is operating with a high degree of risk. One real bad crop and he may be in serious financial difficulty.

Identify Problem Areas and Opportunities

His potential net farm income is limited by increasing costs, low grain prices, and uncertain weather conditions during the growing season. Quotas make it difficult to market all the grain. Land is priced extremely high and hard to rent. Neither he nor his family have many chores to do during the winter months.

Identify Alternative Solutions

He could grow more special crops. Or set up a beef feedlot operation. He could start up a hog enterprise raising weaners or forget the sows and raise feeder pigs. Horticulture crops under pivot irrigation is another possibility, but would require lots of capital.

Test Alternatives

Each alternative is now worked out on paper with budgets to find out which one will increase net farm income by $5,000. At this stage he also must consider whether he would be better off investing some capital outside the farm.

Choose the Best Alternative

After he examines each budget he decides to renovate the existing barn and establish a farrowing enterprise.

Implement the Decision

Lumber and materials are ordered, labour hired and construction begins. Breeding sows are purchased and the enterprise is started.

Evaluate the Decision

Physical and financial records are kept to monitor the performance of the new weanling enterprise. The records should answer the questions: Were his budgets realistic? Did the decision provide the additional $5,000 in net farm income? Has the income stabilized?

H. DECISION CHARACTERISTICS

We have discussed decision-making and the fact that managers must make decisions. But not all decisions carry the same weight.

There are five types of decisions: Important Decisions, involving large amounts of capital and potential profits or loss; Frequent Decisions, which are easily made, such as deciding how much to feed stock; Imminent Decisions which must be made immediately; Revocable Decisions which are inexpensive to correct; and decisions which have a large number of alternate solutions where considerable time is spent analyzing each one.

These characteristics affect how the decision is made. For example, an important decision such as the purchase of land will demand much more time, information and thought than a routine decision on how much grain to feed a beef cow. Similarly, decisions that can be reversed with little or no financial loss will demand the same effort as those that cannot be easily changed.

The concepts discussed here form only a bare framework of the complex nature of sound management, but it is hoped that you will have gained a little better understanding of the role and activities of modern farm managers. Certainly, as you work your way through the workshop, these concepts will become more clearly understood, and we hope, put into practice. Modern farm management is something that must be learned. While some farmers seem to have a natural knack for effective management, upon close examination you will usually find this skill has been learned and developed over the years. The natural traits of most people, if left unchecked and undisciplined, seldom result in good management. In other words, good managers are made...not born. Realizing that fact points out the need for a course such as this; enroling in this course is a good beginning towards better management and bigger profits.

Part I Overview and Self Assessment

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This is the first of a three part series of intended to help you be a more effective manager. It starts with a background discussion of goals and goal-directed management. Self-assessment questions are provided to stimulate your thinking about several aspects of farming/ranching and family life. In case you are interested in being employed off the farm/ranch, or are thinking of changing work arrangements that you now have, a series of interrelated questions will help you assess your potential for other types of employment.

The Overview

Imagine that you are on an airplane that has just taken off from Honolulu for a non-stop flight to the mainland. What would you think if this announcement came over the intercom:

"Ladies and gentlemen, this is your captain speaking. We're now travelling east across the Pacific Ocean. If all goes well, we soon should be able to look down and see land below us. If we do, we'll hunt for a city that has an airport. When we find one that we think looks good, we'll land and find out where we are. Then, we'll decide where we want to go on the next leg of this flight. Meanwhile, folks, just sit back, relax and enjoy the flight. The jet stream is behind us today, and we'll soon be travelling more than 550 miles per hour."

Would you want to ride on that airplane? How confident would you be that you would arrive safely and one time? Would you wonder why it was an advantage to travel at 550 miles per hour when you weren't sure where you were going?

The pilot needs to know **where** the flight is going, **how** it is to travel (what route) and **when** it is to arrive. For effective management of your home and farm/ranch, you should be like a pilot that you'd be willing to fly with. Your should know **where** you are going, how you are to get there and when you are to arrive -- information comes directly from your goals.

If you've not identified your goals, or don't know how you are going to attain them, you are not alone. Most people hope for a better future, but few set goals describing the future they want and then manage for goal attainment. To help you be a better manager, this series of circulars provides a method of identifying goals and developing a goal-directed management plan.

Goals and Management:

If you and others in your family are like most persons, from time to time you may have pondered questions like these.

- What do we (I) really want in life? -- What can we (I) do that will be most productive and worthwhile?

- What are we (I) really trying to achieve through our use of time, effort, money and management skills?

- When should we (I) be able to achieve these things?

- What can we (I) do when really important things conflict with one another? i.e., How are the inevitable conflicts among things hoped for and dreamed about to be resolved?

These fundamental questions of life are not easily answered. They are "goal questions" concerned with the hopes, dreams and ambitions of yourself and the members of your family.

Goals are a very personal aspect of life. While your family life goals and goals for your farming/ranching operation may be similar to those identified by others, they will be unique to you (your family). They will reflect your values and beliefs, the resources you have to work with and the opportunities and limitations that you face. Through their goals, each person, family or business unit identifies its aspirations for the future.

If goals really are this person, you may wonder why we start a discussion of family and business financial management by focusing on goals and priorities. We do so because individuals and families seem much more likely to achieve the things they want in life if they know what they are trying to accomplish, how they want to carry out their actions or decisions and when their efforts are to be completed.

In a practical sense, goals are statements of the things that individuals and families want to achieve. Choices among competing or conflicting goals are made through priority-setting decisions. Goals are attained through long term and day to day management decisions that are goal-directed. If you know your goals and manage to attain them, your goals provide the principal basis for family and business management decisions. Goals are important!

It's also important to realize that goals, priorities and management plans are not final and unchanging. When market prices change; family members marry; death claims a spouse, parent or partner; land is gained or lost; or other changes come, you will be working under new conditions. The human, physical and financial resources that can be used for farming/ranching and personal life may differ from that expected at the time a management plan was developed. Some of your original goals may be unattainable. New interests (and goals) will emerge and priorities will change. When this happens, goals are modified, priorities are revised and plans are updated. Despite the time and effort that is required, this updating is important as it renews and improves your capability for effective management.

The Approach Used Here:

A three-part exercise in goal identification, priority setting, and management plan development is provided. Part I starts with self-assessment questions intended to stimulate your thinking about the aspects of farming/ranching and family life that you enjoy (usually the things you will do well), and those you do not enjoy (and may do less well). A number of closely related questions will help you (and your family) think about possibilities for other employment as a supplement or a substitute for your present involvement in farming/ranching.

Insights gained from the self assessment will help you identify your goals. In Part II you will develop brief written statements of your principal goals for business and personal life. Don't be surprised if your list contains goals that seem to be competitive or conflicting, as that's the case for most people.

In Part III you will assemble information and make decisions about the priority you want to give to each of your goals. This approach will help you identify goals (or combinations of goals), that are the most important and most urgent. Part III also provides the framework for development of a management plan.

The management plan will bring together your insights about the needs and potentials of your farming/ranching operation and family life situation. The plan will link high priority goals and your family and business activities for the coming year. The worksheet includes spaces to record projected claims on resources and expected returns from each activity.

When completed, the management plan will reflect your goals, priorities and plans for the future. Over the longer run, it will need amendment and updating as the future unfolds. In both its original and amended forms, it will provide an overall design for your family and business financial management activities.

The Self-Assessment

Is Farming/Ranching Your Best Occupation?

Is there anyone in farming/ranching who hasn't said at one time or another, "Why did I ever want to be a farmer/rancher?" While that question may be raised at any time, it is most likely to be heard just after events like these: (a) a hailstorm has destroyed a growing crop, (b) one or more of the young stock have broken through the ice and drowned, (c) the veterinarian has said, "We'll have to quarantine the whole herd", (d) grain must be sold because a loan payment is due and for two weeks the grain price has been declining, or (e) an already late harvest is hindered by freezing rain and wet snow in the first week of November. Under these and similar conditions, "Why did I . . .?" is a typical human response to adversity and doesn't carry much meaning.

Under other conditions, "Why did I ever want to be a farmer/rancher?" can be a festering sore that weakens motivation, undermines enthusiasm, and brings unhappiness to the entire family.

No one but you (and your family) can know whether you **really** want to be a farmer/rancher. Even if you do **really** want to be a farmer/rancher, it may not be possible for you to continue in farming. Or, if you are a person who wants to leave farming/ranching, your opportunities for other employment may be quite limited -- which could mean that farming/ranching may be the best choice for now. Whichever applies, the decision is yours, and yours alone.

Recognizing that farming/ranching and family life interact constantly, the self-assessment questions focus on the motivations, interest, abilities, skills and satisfactions of each person involved in the farming/ranching and family life activities. When completing the self-assessment, each person initially records his/her answer without discussing either the questions or answer with others. Be as honest with yourself as possible, remembering that there are no "right" or "wrong" answers. Your objective answers are needed as the foundation for more effective management of farming/ranching and family life.

After each person has completed answering the self-assessment questions, family members and/or business associates can share and discuss their answer with each other. **In the discussion, observe the following rules.**

1. **Be totally open and honest with one another;**

2. **Resist the temptation to make value judgments about each other's statements;**

3. **Refrain from reacting until the other person has fully expressed his/her ideas and point of view.**

Use one copy of the self assessment questions to record the combined responses of family members and/or business associates. It will be called the Management Team copy. Where disagreement occurs, discuss the differences. If your discussion does not result in agreement, record the range of perspectives so you have a more complete inventory of the interests, skills and abilities available within the family and/or business operation. Information and insights gained through the self-assessment questions will provide you with background information for your goal identification, priority setting and management plan development activities.

Keep in mind that the self-assessment is not intended to tell you that you should or should not continue in farming/ranching. It will help in identifying family members' interests and motivations and improve your knowledge of family and business associates' skills and abilities.

Self-Assessment Interest and Motivation Questions

These questions will help you identify your interests and sources of satisfaction and motivation in farming/ranching and in family life. After you have completed these questions and the related summary statements, a second group of questions will help you inventory knowledge, experience and skill resources that can be important if you are thinking about part time or full time non-farm/ranch employment.

Activity I-1

Answer these interest and motivation questions without discussing the questions or answer with your spouse and/or business associate (if you have a spouse and/or business associate who also is participating). You will share your responses to the questions and discuss their meanings as you develop a series of statements described in the pages that follow question 49.

Be as accurate and objective as possible in answering these questions. As best you can, ignore your present worries and concerns and focus in on the "real you". Do your best to respond with the plain unvarnished truth. You need facts as you study and work to improve your family and business need facts as you study and work to improve your family and business financial management.

Please circle the answer that most closely describes your response to each question. The abbreviations mean:
SA = strongly agree
A = agree
U = undecided
D = disagree
SD = strongly disagree

1.	I'm glad to be living/working on a farm/ranch.	SA A U D SD
2.	On most days, I look forward to doing whatever work needs to be done that day.	SA A U D SD
3.	I'm satisfied with farming/ranching as my occupation.	SA A U D SD
4.	I enjoy farming/ranching for the variety of challenges that it presents.	SA A U D SD

5. I think that farming/ranching is the best occupation for me. SA A U D SD

6. I think that being on a farm/ranch is the best situation we could have even if our income may be less than it would be elsewhere. SA A U D SD

* * * * * * * * * * *

7. I like our home and our style of living. SA A U D SD

8. It's important to me that the entire family work together in the farming/ranching activities. SA A U D SD

9. During busy seasons, farm/ranch work comes before family and/or church responsibilities. SA A U D SD

10. It's not uncommon for me to delay work that really needs to be done so I can take family members to their high priority activities. SA A U D SD

11. Whenever money is short, basic family needs for food, clothing, shelter and health care should be met first. Then farm/ranch operations must have first claim on any remaining. SA A U D SD

12. If I have to make a choice between spending on higher education for family members or spending on farm/ranch expenses and machinery, I'll usually spend for farm/ranch purposes. SA A U D SD

* * * * * * * *

13.	I like to raise and/or care for livestock.	SA A U D SD
14.	I like to work with machinery and equipment.	SA A U D SD
15.	I like to raise and harvest grain and hay crops.	SA A U D SD
16.	I like to keep my machinery, equipment and vehicles in good well-maintained condition.	SA A U D SD
17.	I like to keep the buildings and farmstead neat and well maintained.	SA A U D SD

* * * * * * * * * * *

18.	In farming/ranching, I enjoy the office work that's required (records, paying bills, etc.).	SA A U D SD
19.	I like to buy and sell livestock.	SA A U D SD
20.	I like to buy and sell grains and hay.	SA A U D SD
21.	I enjoy trying to keep costs down when purchasing supplies, small equipment and other inputs.	SA A U D SD
2.	I enjoy the business dealings required when purchasing or selling vehicles and equipment, or negotiating with lenders and dealers.	SA A U D SD
23.	I enjoy looking ahead and planning for long-range management decisions.	SA A U D SD

* * * * * * * * * * *

24.	Compared to others, I think I get better yields and/or higher levels of livestock production.	SA A U D SD
25.	Compared to others with similar operations, I think my net income usually is greater.	SA A U D SD
26.	Compared to others with similar operations, my debt level is less.	SA A U D SD
27.	Compared with others in the community, I believe I work more and manage better.	SA A U D SD
28.	Compared with others in the community, I have less difficulty in recruiting and retaining capable employees.	SA A U D SD
29.	I could enjoy working in an occupation other than farming/ranching.	SA A U D SD
30.	I could enjoy working on a farm/ranch operated by someone other than myself.	SA A U D SD
31.	Having at least one member of the family working off the farm/ranch would be a good situation for my family.	SA A U D SD
32.	I would encourage my spouse to be employed off the farm/ranch if he/she wanted to do so.	SA A U D SD
33.	I would encourage my spouse to be employed off the farm/ranch only if we badly needed additional income.	SA A U D SD

* * * * * * * * * * *

34. Before making decisions, I prefer to discuss financial management issues with family members and/or business associates. SA A U D SD

35. I enjoy developing a step by step plan for responding to the financial management needs of our farm/ranch and home. SA A U D SD

36. I am involved with my spouse and/or other family members in planning for retirement. SA A U D SD

37. I'm comfortable with the level of communication on financial matters that we have achieved within the family and farming/ranching unit. SA A U D SD

38. When financial management decisions have been made, I find it relatively easy to stay within the intended pattern of spending, borrowing and repayment. SA A U D SD

* * * * * * * * * * *

39. I'm satisfied with the educational opportunities that are available for the persons in our household. SA A U D SD

40. I am satisfied with my level of involvement in community activities and organizations. SA A U D SD

41. I'm satisfied with my level of contact and Interaction with friends and family members who do not live with me. SA A U D SD

42. I'm satisfied with my opportunities for work, recreation, self-improvement and service to others. SA A U D SD

43. I'm satisfied to live with the level of claims on my time and energy that I've experienced in recent years. SA A U D SD

* * * * * * * * * * *

44. I enjoy the office work needed to keep the household operating in good shape throughout the year (keeping records, paying bills, etc.). SA A U D SD

45. I enjoy managing to keep costs down when purchasing groceries, clothing, supplies, appliances and all the other things needed to keep the household operating. SA A U D SD

46. I find it satisfying to do the cooking, cleaning, organizing and managing of time and effort required to run a household. SA A U D SD

47. Farm/ranch work is so important that I don't mind changing my day to day activities to ensure that the work is done when it is needed. SA A U D SD

48. I enjoy being the farm/ranch "gofer" during busy seasons as it is important to the smooth operation of our farm/ranch. SA A U D SD

49. I enjoy receiving assistance with household activities and responsibilities during the less busy seasons of the year. SA A U D SD

Activity I-2

Now that each of your management team has individually answered the self assessment questions use an additional copy of this bulletin to complete a management team response to the self assessment questions. The management team response will show the range of individual answers given by your management team.

In the next portion of this activity you can develop written statements that summarize your thinking about several aspects of your farming/ranching and family life experiences. Insights drawn from your responses to this series of 49 questions will help you formulate the statements.

Self-Assessment Interest and Preference Statements

Activity I-3

In this part of your self-assessment you will develop a series of nine statements about your farming/ranching interests and preferences. These statements will be based on responses to your individual answers to the 49 self-assessment questions.

Statement One: Questions 1 through 6 focus on your feelings and reactions to being involved in farming/ranching. Look at your responses to these six questions, and read the example. Now write two or three sentences that sum up the farming-related interests and motivations of those involved in your operation.
An Example Statement: We both enjoy farming/ranching and generally look forward to our work. Despite current financial conditions in agriculture, we are satisfied with what we are doing and want to continue.

_____

_____

_____

_____

_____

_____

Statement Two: Questions 7 through 12 address your feelings and beliefs about your hone, the importance of farm/ranch work in comparison to family responsibilities, and the use of money for farm/ranch and family purposes. Discuss your individual responses to these questions, then sum them up in your own words by writing two or three sentences here:

An Example Statement: We like to live and work together on our farm. We agree that when time and funds are short, after the necessities of life are taken care of, most effort and money must go to keeping the farm operating. But we want to have a least one family vacation each year.

Statement Three: Questions 13 through 17 focus on the types of farm/ranch work that you enjoy (or do not enjoy)., These questions are intended to help you identify the aspects of farming/ranching in which persons involved in your operation have a "built-in advantage" because of their interests. Overall, what can you do **together** if each specialized in doing the things that he or she does well? In the same fashion as before, sum up your insights in two or three sentences and write them here:

Statement Four: Questions 18 through 23 ask for your reactions to some important management activities. In the same manner as previously, what are the management activities that can be done well if each person does the things that he or she is interested in and able to do? Put your summary here:

Statement Five: Questions 24 through 28 ask you to make comparisons between the results of your farming/ranching operations and the results achieved by others with comparable farms. Be as objective as possible in summarizing your responses to these questions:

Statement Six: Questions 29 through 33 address your interest in working for someone else. This employment could be a means of gaining more income while continuing your present operation, or it could be replacement employment in case you decide not to continue your current farming/ranching operations. Be sure to record the interests and preferences of all persons involved in your farming/ranching operations and describe them here.

Statement Seven: Questions 34 through 38 are intended to generate insights that indicate your approach to decision making about financial matters, and the style or approach you use in involving family members in financial decisions. Summarize the insights here:

Statement Eight: Questions 39 through 43 focus on your satisfaction with the farming/ranching way of life, and the opportunities for social contacts and self improvement that are available. Sum up the insights gained from these questions by writing a few sentences here:

_____
_____
_____
_____
_____
_____

Statement Nine: Questions 44 through 49 ask for your reactions to some important household management activities. In the same manner as previously, what can be done well if each person does the things that he or she is interested in and able to do? Put your summary here:

_____
_____
_____
_____
_____
_____

These nine statements provide you with background information for use when you identify goals and set priorities for the future management of your farming/ranching operation.

Activity I-4

Use your Management Team copy of the bulletin to complete the self assessment and reference statements as a team. these statements will be based on responses to the management team answers to the 49 self assessment questions and insights gained through discussions with family members and others who are involved in your farming/ranching operation.

This process will be easier if you consider the questions and responses a few at a time. Before writing anything down, examine and discuss your responses and those of your spouse an/or business associate (if any), so you have as complete a perspective as possible of the interests and motivations of those involved in the farming/ranching operation. Be sure to follow the discussion procedures described. Remember that the objective express in your own words the interests and preferences of all persons involved in the farming/ranching operation.

When you have discussed the responses of all who are involved, write down the insights that you think are most important and representative of the interests and motivations of the entire "team" of persons involved in management of the farm. You will have one such statement for each of the nine groups of questions (each of the nine aspects of farming/ranching and family life). Examples that demonstrate the types of statements that might be appropriate have been provided for statements one and two to help you visualize the intended results.

Before going on to Part II for the goal identification activities, please complete the final section. It will help you identify alternatives for part-time or full-time employment in case you want to supplement your income from farming/ranching.

Self-Assessment Resources and Alternatives Questions

These questions will help you identify special skills and experience or knowledge resources that could be used in your future management and/or employment activities. These questions are focused on your skills and alternatives for off-farm/ranch employment. Such employment might be used to supplement your farming/ranching activities, or might be a substitute for your present self-employment in farming/ranching.

Take care to be as objective as possible when you respond to these questions. You need fully accurate information as the basis for your goals and management plan.

Resources and Alternatives Questions

1. What is the highest level of schooling that you have completed?

___ grade school ___ high school ___ some college

___ two-year degree ___ B.S. or B.A. ___ graduate degree

2. What of these types of vocational or specialty education have you completed?

____ vocational/technical training in _____ at

_____ (school) for _____ years.

_____ vocational/technical training in _____

through on the job or in service training.

3. What part time or full time jobs have you held during the last 10 years?

_____
_____
_____
_____
_____
_____

4. Are you now, or have you ever been, licensed or registered for any occupation such as nursing, barbering, plumbing, etc.

_____ yes _____ no If yes, what _____

5. If yes, is the license or registration currently valid?

_____ yes _____ no

6. Would you be willing to go to school or to take one the job training to establish or renew your qualifications for off-farm/ranch employment?

_____ yes ____ no

7. If you could shift from farming/ranching to whatever type of work you would like, what would you do?

_____
_____
_____

8. In what city and/or province would you like to live while doing this type of work?

_____
_____
_____

9. Would you be willing to move to a location away from your present home in order to secure employment?

_____ yes _____ no

10. How much income would you require to meet your family's needs and to be satisfied with your job?

$_____per month, or $_____per year

11. What do you believe to be the three or four (or more) most important reasons that you would find it difficult to change your type of employment if you wanted to do so? (What barriers to change do you face?)

#1 _____

#2 _____

#3 _____

#4 _____

#5 _____

#6 _____

12. How might those reasons be reduced or eliminated?

#1 _____

#2 _____

#3 _____

#4 _____

#5 _____

#6 _____

As you think about your employment alternatives, develop goals and set priorities, you may want to add information or to modify some of the things that you have previously written down. if so, make the changes as you think of them. You will need insights and information that accurately reflect your best judgments about yourself, your work abilities and interest in farming/ranching and/or other work. They are needed as you move ahead in identifying your goals and priorities and developing your management plan. Any additional notes or items of information that you would like to record can be entered here.

_____

_____

_____

_____

_____

_____

Activity I-5

Discuss your answers to the Resources and Alternatives questions with your spouse and/or management partner. Do not complete this section in the Management Team copy.

As the next step in developing a goal directed management plan, go on to the goal identification activities in Part II.

Goals for Family and Business Financial Management

Divorce? No – Murder? Maybe!! or "Always on the Outside Looking In"

by Paul H. Gessaman
Extension Agricultural Financial Economist

Joe and Pete were brothers who had started a farm partnership some eight or ten years ago. They started with a farm that was partly inherited and partly rented. With the purchase of an adjacent section at a reasonable price, it seemed that only reasonable luck and good management would be needed for them to become well established in farming.

Joe and Anne had been married for nearly seven years. Their two small children were a constant source of enjoyment, and even "Uncle Pete" thought that they were exceptional kids. In the years since Anne and Joe were married, Pete and Anne had become good friends. In addition to caring for home and children, Anne drove grain trucks, worked with livestock and was the farm "gofer" whenever help was needed. Pete was dating with several girls in the community and always described his marital status as "still looking". Despite the nearly ten years difference in their ages, Joe and Pete had always worked well together. As adults they had come to appreciate each other's talents, while gaining great satisfaction in updating buildings, machinery and livestock handling facilities. They had made substantial progress in modernizing their farm and making it more productive.

As the older brother, Joe initially had been the business manager for their farming operation, but he did not enjoy record keeping and book work. When Pete completed accounting and business management courses at the local community college, they agreed that while both would continue to work full time on the farm, Joe would take the lead in managing production (his favourite part of farming), and Pete would take responsibility for record keeping and most business management activities. They agreed to (and did) consult with each other on all major and most minor decisions. Within a year, both felt the new arrangements were working out very well.

On a fine fall day when harvest was nearly over and it was evident that this was going to be a good year, Anne brought up again the need to renovate their home. Joe responded that "it would cost too much money for this year". Anne pointed out that crop yields were good, grain prices were reasonable, and livestock had been selling well. Income would be relatively high, and it was time to improve the house. Then, Joe told here that there wouldn't be enough money for the house as he and Pete had just contracted for the construction of a confinement hog building and an addition to the feed mill.

As Anne summed it up late with these words, "If the opportunity to kill had been there, I would have committed murder". Joe's version was something to the effect that he doubted that Anne would ever divorce him, but he was sure to be murdered if he and Pete ever again spent the bankroll without Anne's being in on the decision.

Goals Part II Lesson Plan

1. Read pages 37-39 beginning with "Identifying your Goals".

2. Complete "Long Term Farming Goals" individually. Rank each goal as to its importance to you. Include in the ranking, the goals that you have checked on the right side of the page. Put the number 1 by the most important and the number 2 by the next most important and so on. Discuss your answers with your spouse and/or management partner and then complete the Management Team copy together.

3. Complete "Short Term Farming Goals" individually. Rank each goal as to its importance to you. Include in the ranking the goals that you have checked on the right side of the page. Put the number 1 by the most important and the number 2 by the next most important and so on. Discuss your answers with your spouse and/or management partner and then complete the Management Team copy together.

4. Complete "Long Term Family Goals" individually. Rank each goal as to its importance to you. Include in the ranking the goals that you have checked on the right side of the page. Put the number 1 by the most important and the number 2 by the next most important and so on. Discuss your answers with your spouse and/or management partner and then complete the Management Team copy together.

5. Complete "Short Term Family Goals" individually. Rank each goal as to its importance to you. Include in the ranking the goals that you have checked on the right side of the page. Put the number 1 by the most important and the number 2 by the next most important and so on. Discuss your answers with your spouse and/or management partner and then complete the Management Team copy together.

6. Using your Management Team Copy, summarize your Short Term and Long Term, Farm and Family Goals on the page titled "Goals".

7. Read pages 49-51 starting with "Down the Cowpath of Life".

Part II: Identifying your Goals*

By Paul H. Gessaman Extension Agricultural Finance Economist

This is the second of a three part series intended to help you be a more effective manager. Prior to completing the goal identification activities described, you should have completed the self-assessment activities of Part I. If you have not already done so, please complete Part I before you identify goals for your family and business financial management.

Identifying Your Goals

What are you trying to achieve through your use of time, effort, money and management skills? **Where** are you going, how are you going to get there and when will you arrive at your intended destination? The answers to these questions and the nature of your intentions for the future can be found in your choice of goals. Since management is a goal-directed activity (an activity directed toward goal attainment), your goals provide direction to all your management efforts. This circular provides a framework for identifying your most important farming/ranching and family life goals.

In work with Part III, goal conflicts are identified and dealt with through priority setting. Then, high priority farming/ranching and family life goals and information about enterprises and activities of your farm/ranch are drawn together in a management plan. When completed, this plan will be your guide for future business and financial management decisions.

*Contributions to this document by Kathy Prochaska-Cue and Larry Bitney are gratefully acknowledged.

Goal Identification Considerations:

All of us have goals that we work toward over many years -- goals such as the debt-free ownership of a farm or ranch, or "burning" the mortgage on the family home. Some goals will require a lifetime to achieve. Others can be attained in a year, a few years or a decade. Goals that will be achieved over many years are called long-term goals. Those that can be attained in relatively short periods of time usually are called short-term goals**. In farming/ranching, short-term goals focus on hoped for achievements such as renting an adjacent quarter for this year, averaging 160 bushels per acre of corn this year, or attaining a desired level of feed conversion efficiency. To the extent possible, one seeks to have short-term goals that directly support attainment of long-term goals. When this is true, the stage is set for more effective financial and business management. But, it's rare for all short-term and long-term goals to be mutually supporting.

And, goals for farming/ranching may be somewhat in opposition to important short-term family life goals. If you find inconsistencies in your set of goals, don't be surprised. Priority setting activities in Part III provide a means of examining conflict or competition between goals and identifying the ones that you believe are most important or most urgent.

Goal-Writing Guidelines

Here are some ideas about writing goal statements that can serve as guidelines as you complete the activities laid out in this circular

- Goals are written as action statements. "To complete . . ." or "To earn . . ." or other action statement introduces a typical goal.

- Long-term goals usually specify the time by which the goal is to be attained. "To pay off the real estate mortgage by . . ."

- When long-term goals do not specify a time dimension, they usually refer to qualitative aspects of life. "To make it possible for each of our children to secure a college or university degree by providing . . ."

- Long-term goals should be believable in that they should describe situations or conditions that you think you can achieve over the years.

Avoid "pie in the sky" long-term goals that you neither believe in nor will find possible to achieve.

**Short-Term goals often are referred to as objectives. For simplicity, this discussion uses only the short-term goal and long-term goal terminology.

- Short-term goals have a time dimension that indicates the time by which the goal is to be attained. "To replace our present tractor with a 125 horsepower model by the end of 19___."

- Short-term goals should be attainable in that they should describe situations that you believe are possible to achieve in the designated time. Avoid "impossible" short-term goals that you know cannot be attained, as they will cause great discouragement.

As you write goal statements you are expressing your hopes and dreams what and ambitions for the future by identifying what you want to achieve, how when how you intend to achieve, and when you intend to achieve each desired outcome.

Long-Term Goals for Your Farming/Ranching Operation

Activity II-1

Each person should initially complete this section without discussing it with his/her spouse, other family members, or business associates. Later initial goal statements will be shared and versions developed that represent the best judgment of all persons involved in the operation of the farm. To the extent that it is feasible to do so, base your goal statements on the insights gained from completing the self-assessment questions in Part I. Select goals that will use the interest, motivations and abilities of those who work and manage the farm/ranch.

Long Term Farming/Ranching Goals

Over the next five to ten or more years, what do you think will be the most important long-term goal for your farming/ranching operation?

___ _____
_____
_____
_____

In that same period, what will be your second most important long-term goal for your farming/ranching operation?

___ _____
_____
_____
_____

Several goals that often are identified as important farming/ranching operation goals are listed below. (Some may be virtually the same as the ones you have written out above.) Place a check mark to the right of each one that you feel is important with respect to your own farming/ranching operation, and is not a goal that you wrote down above. (On some you will need to fill in a blank.) If you have other important goals, add them on the lines at the end of this listing:

_____	To pass on the farm/ranch as an operating unit that can be retained and operated by the next generation.	_____
_____	To reduce farm/ranch debt so that minor borrowing for operating capital is necessary in a typical year.	_____
_____	To expand livestock production adding a _____ _____ enterprise.	_____
_____	To shift _____acres from cereal to special crop production.	_____
_____	To reduce borrowings to _____ percent of present debt.	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Ranking Your Long Term Farming/Ranching Goals

Now go back over all the long-term goals for farming/ranching that you have identified thus far -- the ones you wrote down and ones you marked with a check at the right side of the goal statement. In the blanks next to the left margin, assign to each a ranking number that reflects your view of the importance and/or urgency of each. Put the number "1" beside the one that you think is most important or urgent, the number "2" beside the next most important and so forth.

Activity II-2

Discuss your answers to the Long Term Farming/Ranching Goals with your spouse and/or management partner. complete the Long Term Farming/Ranching Goals section in your Management Team copy. Base your goal statements on the insights gained from completing the self assessment questions in Part I.

Short-Term Goals for Your Farming/Ranching Operation

The goals that you hope to achieve within the next one or two years are commonly called "short-term goals". Short-term goals contain a measurable element that you can use to determine whether you have achieved what you hoped to do (attained the goal). For example, a short-term goal could be, "To reduce debt by $10,000 this year". When you complete your net worth statement at the end of the year, you will be able to compare your total liabilities at the start of the year with those on the new net worth statement and know whether you succeeded in attaining your goal.

Activity II-3

Identify your own short term goals for Farming/Ranching. Work individually for now. Use the insights gained from completing the self assessment questions in Part I.

Short Term Farming/Ranching Goals

Over the next one or two years, what do you think will be the most important short-term goal for your farming/ranching operation?

____ _____
_____
_____

What short-term goal for your farming/ranching operation will be the second most important? (During the next one or two years.)

____ _____
_____
_____

Several short-term farming/ranching goals that might be important to you are listed below. Use them in the same way as you did the sample listings of long-term goals. Fill in blanks and place a check mark to the right of each one that you feel is important with respect to your own operation. Add other important short-term goals on the lines at the bottom of the page.

_____ To own at least _____ acres and lease at least ____ acres _____ of land during the next crop year. _____

_____ To reduce operating debt by at least $_____ per year _____ in each of the next two years. _____

_____	To have at least _____ head of cows, _____ head of _____ sows _____head of cattle in a feedlot, and/or _____ head of hogs being fattened per year by _____ years from now.	_____
_____	To seed _____ acres under special crops by two year _____ from now.	_____
_____	To increase next year's net farm/ranch income by $_____.	_____
_____	To have at least _____ bushels of aerated grain storage _____ by the time next year's crop is harvested.	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Ranking Your Short Term Farming/Ranching Goals

Now go back over your list of short-term goals as you've identified them on this page -- the ones you wrote down and ones you marked with a check at the right side of a printed goal statement. Assign rankings to them by putting numbers in the blanks in the left margin. Put the number "1" beside the one that you think is most important or urgent, the number "2" beside the next most important or urgent, and so forth.

Activity II-4

When you have completed and ranked your short-term goal statements, discuss them with your spouse and/or business associate. Use your Management Team copy to record the goal statements and rankings that you think best represent your teams thinking about future farming/ranching operations. Base your goal statements on the insights gained from completing the self assessment questions in Part I.

As mentioned previously, in Part III you will re-examine the rankings of your long-term and short-term goals using a more formal method of priority setting. Before doing so, identify your family life goals so they can be recognized in the priority setting. Your goals for farming/ranching usually will not stand alone. They generally will be linked to goals for family life through competing claims on your time, effort, money and management skills. Thus, the priorities that are reflected in your family and business financial management plan need to recognize your goals for family life and your goals for farming/ranching operations.

Long-Term Goals for Family Living

Activity II-5

Each person should initially complete this section without discussing it with his/her spouse or other members of the family (or business associate). Later, goal statements will be shared and goals developed that represent the best judgment of those involved in the discussion. Remember that long-term goals can specify a year by which they are to be achieved, but also can specify a stage of life or a qualitative aspect of life that you wish to attain over a period of years. In whatever believable form they take, they must be believable if they are to be really useful.

Long Term Family Goals

Over the next five to ten years, what do you think will be your most important goal for your family living? Record it on these lines.

____ _____

_____

_____

What is your second most important goal for family living during the next five to ten years?

____ _____

_____

Several goals that may be important to family living are listed here. Place a check mark to the right of each one that you feel is important is not with respect to your own family situation, and is not a goal that you already have written down. If you have other important goals that don't appear in either place, add them on the lines at the top of the next page:

____	To pass on the farm/ranch as an operating unit that can be retained and operated by the next generation.	____
____	To maintain a level of living similar to that achieved by friends who live in towns or cities.	____
____	To take at least one vacation per year in which we travel to where we can enjoy ourselves for a period of _____.	____

_____	To provide donations of money, goods, or time and effort in support of our church or other organization(s).	_____
_____	To support participation by family members in continuing education opportunities or degree programs in colleges.	_____
_____	To provide _____ percent of the costs of higher education for _____ members of the family.	_____
_____	To reduce outstanding consumer debt to _____ percent of _____ its present level.	_____
_____	To buy a new automobile (or a good used automobile) every _____ years.	_____
_____	To provide for an adequate level of retirement income _____ starting in 19___ by _____.	_____
_____	To improve the energy efficiency of our home by adding insulation, weather stripping or a better heating system.	_____
_____	To encourage family members to work toward better physical appearance and health by exercise and good diet.	_____
_____	_____	_____
	_____	
_____	_____	_____
	_____	

Ranking Your Long Term Goals for Family Living

Now go back over all the goals you have identified thus far -- the ones you wrote down and ones you marked with a check at the right side of the goal statement. Assign ranking numbers to them in the same manner as was done with the farming/ranching goals putting the rankings in the blanks at the left margin.

Activity II-6

When you have completed and ranked your long-term goal statements, discuss them with your spouse and/or business associate. Use your Management Team copy to enter the goal statements and rankings for your management team. These will later be used when developing your management plan.

Short-Term Goals for Family Living

Short-term goals for family living identify the aspects of family life that you hope to achieve within the next one or two years. Remember that short-term goals for family living contain a measurable dimension to be used in determining whether you have attained each goal.

Activity II-7

As you did before, start this goal identification process by working individually. After each person has completed it, you can share and discuss your goals with your spouse or other family members.

Be certain that your short-term goals are statements of things that it is actually feasible to think of attaining. Short-term goals that are not attainable usually are sources of great frustration.

Short Term Family Goals

Over the next one to two years, what do you think will be your most important goal for family living?

_____

What is your second most important goal for family living during the next one to two years?

_____

Several statements that may be important short-term family living goals are listed below. Place a check mark to the right of each one that you feel is important for your family, and is not one that you already have written down. Other important goals that aren't listed can be added on the lines at the top of the next page:

_____	To fully insulate our home so it will be more comfortable and utility expenses will be decreased.	_____
_____	To reduce debt from family consumption expense by at least $_____ per year in each of the next two years.	_____
_____	To pay at least _____ percent of the cost of attending the college or university for _____ members of the family.	_____
_____	To provide financial or other support of our church and/or other organizations that we support.	_____
_____	To pay for orthodontic work needed by _____ member(s) of the family.	_____
_____	To reduce household operating expense by _____ percent per year in each of the next two years.	_____
_____	To ensure that every family member has a "personal allowance" (a specified amount of money for each time period), none of which needs to be accounted for to anyone else.	_____
_____	To provide a means of handling non-business, irregular and emergency expenses such as maintenance items, repairs payments of losses not covered by insurance, memberships in organizations, gifts, clothing. etc.	_____

____	To become involved in at least one significant community activity that is important to my (our family's) goals, health, values or well-being.	____
____	_____	____
	_____	
____	_____	____
	_____	

Ranking Your Short Term Goals

Now go back over all the goals you have identified thus far -- the ones you wrote down and ones you marked with a check at the right side of the goal statement. Rank them in the same manner as previously by placing numbers in the blanks at the left margin. Remember that the goal you rank with the number "1" should be the one that you think is most important or urgent.

Activity II-8

When you have completed and ranked your short-term goals for family living, discuss them with your spouse and/or other family members. Use the Management Team copy of this circular as you write down the goal statements and rankings that represent your desires and best thinking about family living in the future. As the next step in developing your business and financial management plan, go on to the priority setting activities in Part III.

GOALS*

	Short Term	Long Term
Family Goals		
Farm Goals		

*** Can be used as a summary or priority setting worksheet.**

Down the Cowpath of Life . . . Micro'Decisions Influence

Direction By Darrell Sifford

Taken from the Omaha World Herald, 2/28/84 Thousands of years ago, a calf strayed from the herd and became lost. It took a nap, munched some grass, meandered across the countryside and eventually caught up with the herd.

Later on, a rabbit, out for a leisurely stroll, followed the path of beaten-down grass left by the calf, because it seemed much easier than hopping through the underbrush. A fox, hot on the rabbit's scent, trekked down the same path.

Then much later Indians found the trail and followed it from one valley to the next. Pioneers came along and thought: "Hey, those Indians are no dummies. They know the best trails -- so we'll follow them". When the settlers eventually came, they automatically used the trail which by then was well defined.

In the years that followed, the trail became a road and, after towns and then cities developed, the road became a superhighway.

Somebody asked: "Why in the world would anybody build a superhighway in this location?" And the answer was: "Gee, we don't know".

Girl Next Door

That story, related by Psychiatrist Alan L. Summers, offers insight into how so many of us lead our lives -- by following "a cowpath set of directions . . . What happens at the moment sets us off on a new direction. There's no thought to it, and it's not the shortest line between two points".

Summers, who has a private practice in Wyncote, Pa., and who is chief of psychiatry at the Penape Valley Community Mental Health Center, said that, for the most part, "we go to college and take a course suggested by our father or uncle. We marry the girl next door and have 2.3 children -- because that's what is expected. And then we raise our kids to follow us".

The choices that shape our lives, he said, so often are made "while we're on automatic pilot".

'Pyramid Process'

The key to winning in life is to make the proper choices, and it's -possible for all of us to move in that direction if we understand what Summers called the 'pyramid process' of decision making and how the little decisions at the base of the pyramid ultimately influence the big decisions at the top. Here is what the pyramid looks like:

- Major decisions. These are at the top and there are perhaps no more than a dozen of them in a lifetime -- choices around career, marriage and family.

- Minor decisions. Perhaps 100 minor decisions set us up for the major decisions -- which school to attend, what to pursue as a course of study, which friends to have, whether to accept a blind date or not.

- Tertiary decisions. These influence the minor decisions, and thee are at least a thousand of them. Should you join a fraternity? Go to a party or stay in your room and study? Experiment with drugs? Set the alarm 10 minutes early to get to an appointment on time -- or sleep late? Spend your extra money on business clothes -- or throw a party?

- Micro decisions. These form the base of the pyramid, perhaps a hundred thousand in number, and they "establish the tone of the day and ultimately the tone of your life. They set up the vibes. They are the background music of your life, what people call your style".
Some of the micro decisions: Do you have a soiled necktie cleaned -- or do you wear it soiled? Do you take an extra five minutes to shine your shoes? In watching TV do you "put your mind on numb" by watching a situation comedy -- or do you tune to an educational program?

Do you stop for gas now or do you hurry home because you're hungry -- and then arrive late for work tomorrow because you had to stop for gas? In every one of these micro decisions, said Summers, "style is being set" and awareness of the importance of these decisions is critical in producing life's winners.

Ah, yes, said Summers, life's winners. It's a pity that there are so few of them, perhaps no more than 10 percent of the population.

Based in Reality

A winner "makes choices and goes forward. He takes risks . . . and considers what can be gained as opposed to what may be lost. He is confident that things can work in his favour," and even if the bottom falls out, he knows that "corrective action can be taken and that he can profit by learning from failure. He doesn't carry excessive guilt. He's reality based, doesn't engage in wishful thinking. He sees life as a series of experiments to be tried".

And then, said Summers, there is the loser. "He drops out of a relationship when he should tough it out. Emotional issues get in his way and sometimes he stands on pride. He's in the wrong place at the wrong time, and his experience is that life doesn't really work for him".

He is pone to wide swings -- from a defensive posture to blatant over-risking. He's the guy who will head on a whim to the casinos and blow his whole paycheck. How prevalent is the true-blue loser? Well, he forms about 10 percent of the population, too.

Most people -- about 80 percent, in Summers' opinion -- fall into the category of non-winner. The non-winner "looks like us. He wears a grey flannel suit, has two or three kids, is middle-income, straight and steady. He neither wins or loses. He plays the game to survive, and he sets up choices in a way that can't produce success because he doesn't believe that he can be successful. He doesn't lay it on the line. He's conventional, plays by imagined rules . . . and his goal is not to win but to keep from losing. He's caught up in the little things, and he leads a cowpath kind of life". How can a non-winner or a loser become a winner? By starting at the pyramid's base and examining the daily micro decisions, said Summers, and making thoughtful decisions that ultimately will impact in a positive way on the bigger decisions. What it comes down to is submitting to a philosophical x-ray. Do you trust or not -- trust yourself, others, life? Does life work or not work for you? Are you conscious of which choices you make and why you make them? Do you make choices out of a trusting position -- or non-trusting?

Winners are trusting, said Summers, and people who want to become winners must climb from the trap of negativism. "The first step is being aware of how you are and where your mind set comes from".

"The problem is not that your kid smokes dope or that your spouse runs around on you", he said. "The problem is that you're a non-assertive person who takes what other people dish out. If you look around, you see that your friends are just iike you -- because you seek out people like yourself".

Is it easy to change? No, said Summers, change never is easy, but it's possible. "As somebody once said: Life is not for amateurs".

Goals Part III Lesson Plan

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1. Read pages 52-54.

2. Complete the Preliminary Management Plan" in your Management Team copy together using the description on page 54.

3. Read the description on completing the "Goal Analysis Priority Setting" and then complete the "Goal Analysis Worksheet I" in your Management Team copy together with your spouse and/or management partner.

4. Complete the "Goal Evaluation Worksheet" in your Management Team copy together, using the method described in its instructions.

5. Complete the "Priority Setting Worksheet" in your Management Team copy.

6. Complete and analyze your Net Worth Statement, Cash Flow Statement and Income Statement for the farm business. Before completing your "Final Management Plan" ensure that you understand your financial position to determine if you can afford the changes required to achieve your goals.

7. Complete your "Final Management Plan" in your Management Team copy.

8. Read "What are Sam's Priorities".

Goals for Family and Business Financial Management

Part III: Your Priorities and Management Plan

By Paul H. Gessaman
Extension Agricultural Financial Economist

This is the last in a three part series intended to help you be a more effective manager. Prior to completing the priority setting activities in this circular, you should have completed both Part I and Part II. If you have not already done so, please complete them before going on with the priority setting and management plan activities of this circular.

Priority Setting
Background:

In Part II, you identified a number of goals for your farm/ranch operation and for family living. If you are like most persons, some of your goals are in conflict with others. This usually is due to time constraints or resource limitations. If you were to try to attain all your goals at the same time, it's likely that claims on time, labour, money and management resources would exceed the amounts you have to work with. Or, some of your goals may directly conflict with others because they call for activities that cannot be carried out at the same time.

For example, if your goals are: (1) to operate without hired help, (2) to have non-farm/ranch employment, and (3) to operate a 75-cow Grade A dairy, you are very likely to have a continuing problem of goal conflict.

It's likely that you must make at least some choices between attaining family goals and attaining your goals for farming/ranching operations.

Since the family and the farm/ranch are interdependent, it's important that these choices reflect your best thinking about questions like these:
- Which goals are most important for family well-being?
- Which goals are most important for the well-being of the farm/ranch?
- Which short-term goals, if attained, would contribute to the attainment of long-term goals?
- Which short-term goals conflict, with or impede, attainment of long-term goals?
- Which goals are so important or urgent that they should be attained even when doing so will prevent you from attaining other goals?

Priority setting will help you identify the most important and urgent of your goals for farming/ranching and for family life. Keep in mind that giving high priority to a goal does not mean that you will ignore all other goals. It usually means that when you allocate time, money and other available resources to activities and enterprise, you give preference to the ones that directly support attainment of your high priority goals.

Goal Analysis: Priority setting based on systematic examination of the relationships between goals, your responses to a series of evaluation questions about each goal, and your knowledge of the family and farm/ranch situations. This approach is the most comprehensive and may be best for situations where there are many goals, more than one family involved, or numerous conflicts between goals.

The Nature of Priorities:

As you start to set priorities, keep in mind that there are no "right" or "wrong" answers to priority questions. The answers (and the priorities) you need are the ones that you believe in and will use to guide your management.

When goals conflict, and they nearly always do, your priorities will determine which goals will come first as you carry on family life and work activities. (Or, your priority may be to limit one goal so that you can have enough time, labour, money and management skills to attain other goals.)

In places where the conflicts are of greater scope and/or intensity, it may not be that simple. Perhaps the ambitions of one person (family member or business associate) is represented by one goal, and another is the second person's lifetime goal, and there seems to be no way to attain both. Before you decide to hire an attorney or to give up and reconcile yourself to never achieving your favourite dreams and ambitions, consider this aspect of priority setting. Priority decisions need not be exclusively "either/or" decisions. They can reflect at least these three types of rankings:

- Absolute numerical order (first, second, third and so forth), where the numbers indicate an order of preference with the lesser priority goals being disregarded in order that the high prioritygoals can be attained.

- Limited numerical order, where the numbers represent levels of priority, but efforts toward attainment of the higher priority goals are limited so that partial or complete attainment of some of the lower priority goals can occur.

- Side-by-side, where goals of about equal priority are placed in groups, and the groups are ranked in absolute or limited numerical order. **When you are discussing priorities, the whole process will go better if you follow the ground rules previously suggested for your discussion of self-assessment responses and goal statements:**

1. **Be open and totally honest with yourself and with others.**
2. **Resist the temptation to make value judgments about each other's statements or views.**
3. **Refrain from reacting until the other person has fully expressed his/her ideas and point of view.**

Remember, you are identifying goals and setting priorities so you'll know where your are going, how you are to get there and when you are to arrive. You need to know all three to be an effective financial manager.

Preliminary Management Plan:

Activity III-1

Start your priority setting work by completing the "Preliminary Management Plan". Start by listing in the first column the major farming and family activities that you expect to carry out in pursuit of your planned farm and family goals. Do not include in great detail the "normal" activities that will be carried out in your operation. Concentrate on those activities that will be performed in connection with you planned goals.

Then, estimate the timing of each activity or enterprise and the claims it will place on labour, funding and management resources and enter your estimates in the appropriate columns. In cases where an activity is one that you have done before, your records and/or memory will identify the required resources. In other cases, you may need to enter estimates based on information from neighbours, friends or other sources such as estimates or bids from suppliers .

In the last section of the management plan estimate the expected returns and benefits from the planned activities. It may not be possible to estimate the exact amount of dollars expected from each activity but it would be useful to at least indicate with a tick mark the expected type and area of benefit (whether farm or family benefit, or in grain or livestock enterprise).

PRELIMINARY MANAGEMENT PLAN

Activity or Enterprise	Timing (months of the year)	Effort (Labor) Commitment (man/woman months)	Money (Funding) Commitment (total dollars & borrowed dollars)

Management Skills Commitment (Timing and Nature of Skills) (money mgt., crop or lvstk., mgt.)	Expected Returns & Inventories			
	Income	Grain	Livestock	Family Life Benefits

When you have completed the "Preliminary Management Plan", go on to the overview of the priority setting approaches that follow the listing.

After you have done the priority setting, you will complete your financial projection. After you are satisfied with your financial projections, you will go back to your goals and decide whether you are satisfied with the priority listing. After you have re-worked the goals and the priority listing so that you feel it harmonizes with your financial projections, you will complete a final management plan.

Overview of Priority Setting:

As you set priorities, use the four sets of information that you have already prepared:

- Your Self-Assessment Statements in Part I. (Management Team copy)
- Your responses to the Resources and Alternatives Questions of Part I. Individual)
- Your Long-term and Short-Term Goals for Farming/Ranching and For Family Life that you recorded in Part II. (Management Team copy)
- Your Preliminary Management Plan. (Management Team copy)

Activity III-2

Goal Analysis Priority Setting Approach

1. Complete the "Goal Analysis Worksheet" using its instructions.
2. Complete the "Goal Evaluation Worksheet" using its instructions

3. Complete the "Priority Setting Worksheet" using insights gained from the "Goal Analysis" and "Goal Evaluation" assign priorities to your short term and long term goals.

4. Using the "Final Management Plan" worksheet develop your final management plan after you are satisfied with your financial projections.

Goal Analysis

Relationships Between Goals:

In this approach to priority setting, you will start by examining your short-term and long-term goals to determine the nature of the expected relationships between them. In some cases, conflicts such as those described in the examples below will be evident. In other cases, a short-term goal may support attainment of one or more long-term goals. Or, it may be that no effect is evident. In each instance you will record the expected relationship and use that information in your priority setting activities. When conflicts are present, you will find it useful to record the type of expected conflict by a short notation, so you will be able to readily recall its nature and identify the best ways of dealing with it. Example of goal conflict types include:

1. Short-term goals do not contribute to, and may actually impede or prevent, the attainment of important long-term goals.

EXAMPLE: Suppose that an important long-term goal is the accumulation of savings for retirement. Further suppose that a short-term goal is the purchase of an expensive new automobile each year. For most people, these goals will directly conflict with each other. If the short-term goal is attained through the yearly purchase of an expensive auto, it may be impossible to attain the long-term goal.

2. Short-term or long-term goals, when paired or as a group, will require more time, effort, money or management skill than is available for use in family life and farming operations.

EXAMPLE: Labour requirements for planting, cultivating, and harvesting usually are quite high. If one short-term goal is to substantially increase crop production, and another is to increase sow farrowing in May and November, conflicts over the use of time and effort (and "planting/harvesting disease" in hogs) are almost inevitable unless extra labour can be secured.

One of the ways of recognizing the relationships between attaining short-term goals and the attainment of long-term goals is to examine them in pairs. This can be done by completing the rectangular array set up on Goal Analysis Worksheet I. Make a short note beside each goal on the left side and the bottom of the Goal Analysis Worksheet I so you can remember what each goal is. For example if your Long Term family goal #1 is the accumulation of savings for retirement then write "Retirement Savings" beside Long Term Family #1 on the left side and also underneath Long Term Family #1 on the bottom of the page. Each goal, whether long term or short term farm or family, is matched with every other goal. In each "cell" where a column and row intersect, you can enter your appraisal of the extent to which attainment of each goal on the side would support, have no effect upon, or conflict with the attainment of the goal listed along the bottom. In the cases where you believe conflict will occur, put in a few words that describe the nature of the expected conflict. The example from item 1, above, is repeated here with an illustration of the type of entry that might be made.

Example: Suppose that long-term family Goal I is the accumulation of savings for retirement. Further suppose that short-term family Goal I is the purchase of an expensive automobile each year. These goals generally will be directly in conflict with each other. If this were the case for you, your entry in the cell where the Short Term Goal row intersects with the column for long-term Goal might be, "Conflict: auto purchases would limit savings".

Goal Evaluation Worksheet

In completing this worksheet, you will examine each of your first and second ranked goals as you have identified them in Part II, and decide whether they "fit" with your interests and abilities. (If you have completed the "Goal Analysis Approach," the numbering of goals for this worksheet is the same as was used for "Goal Analysis Worksheet"). In completing this worksheet, you will want to use the self-assessment

information you compiled when you completed Part I - your responses to the questions and to the self-assessment statements. Each goal is evaluated through a series of questions that are answered "yes" or "no". If you don't have answers for some of the questions, or if you need more information before you answer them, mark those questions with a question mark. The question mark will identify the goal as one for which you will need to gather further information. Answer these questions individually, then discuss them as described in the "Summing Up..." instructions on page II. Please answer the "summing up..." questions only after you have completed the fist four questions for all your goals, and have discussed the answers.

Questions on your first ranked long-term goal for farming/ranching operations:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your second ranked long-term goal for farming/ranching operations:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your first ranked short-term farming/ranching operations:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your second ranked short-term goal for farming/ranching operations:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your first ranked long-term goal for family life:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your Second ranked long-term goal for family life:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your first ranked short-term goal for family life:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Questions on your second ranked short-term goal for family life:

Do you enjoy the type of work that must be done if this goal is to be attained? _____

Do you enjoy carrying out the management responsibilities that must be completed? _____

Will working toward this goal prevent you from earning income from other sources? _____

As you work toward this goal, will you be Motivated to do your best quality work? _____

Summing up - This is a good goal for us
____ Agree ____ Disagree ____Don't Know

Summing Up the Goal Evaluation:

Compare and discuss your answers to the groups of four questions with your spouse an/or business associate (if any). Do this for each of the eight goals. Don's be surprised if a few of your answers differ from those of your spouse and/or business associate, as it's seldom that people have complete agreement on goals. But, if you disagree on everything, it may be a warning signal -- one that merits serious thought.

While only you know the actual meanings of your answers, here are some ideas that may help you in your thinking: (1) If your answers indicate that attaining the goal will require that you do work and management that you do not enjoy, or (2) if you expect not to be motivated to do your best quality work, you may find it difficult to work consistently toward attaining that goal. If either of these conditions is present, you may want to look again at your selection of goals. Are there other goals that would be more closely in keeping with your interests? If you want to make changes, you may need to re-write some of your goal statements, or you may want to re-examine the goal rankings record. Then use the appropriate worksheet(s) to analyze and/or evaluate your revised goals.

The final question of each self-assessment group is designated as a "Summing Up" question. Now that you have discussed responses to the first four questions, go back to each "Summing Up" question, or if you are uncertain about the goal, put your check on the line ahead of "Don't Know," IN ANSWERING, BE OBJECTIVE AND HONEST AS YOU CAN. NOTHING LESS THAN FACTS WILL BE OF REAL VALUE IN THIS EVALUATION OF YOUR WORK GOALS.

If you have checked "Disagree" or "Don't Know" for any of the goals, please recognize that this is a sign that the goal may not be appropriate for you. At the same time, a goal which your self-assessment leads you to honestly recognize as one that really is not appropriate can be one that you need to work toward for other reasons. Thus, you should consider this self-assessment evaluation to be important, but it does not provide the final answers for your selection of goals and identification of priorities.

GOAL ANALYSIS WORKSHEET I

L-T Farm Goal #1				
S-T Farm Goal #1				
L-T Farm Goal #2				
S-T Farm Goal #2				
L-T Family Goal #1				
S-T Family Goal #1				
L-T Family Goal #2				
S-T Family Goal #2				
	L-T Farm Goal #1	S-T Farm Goal #1	L-T Farm Goal #2	S-T Farm Goal #2

Another way of examining the relationship between goals, is to make one-by-one pairings and consider pair-by-pair the effects that attainment of each goal might have on attainment of the other . This can be done most easily when the goals are arranged to form a triangle array such as the one below. The "cells" where rows and columns intersect provide space to write in your comments about the relationship (support, no effect, or conflict) between each goal pair. In the pairings where you believe conflict will exist, your entry should indicate the type of conflict that you expect. Your primary emphasis in this activity should be placed on identifying conflicts resulting from claims on *time*, *effort* (labor), *money* (funding), and *management skills*. but, be sure to note any other aspects of interaction between goals that you think is important.

EXAMPLE: Suppose that you believe that there will be conflict between L-T Farm Goal #2 and S-T Farm Goal #1, because you will not have sufficient funding to attain both goals. You could indicate that conflict by entering "funding shortage" or some similar words in the cell where Goal II row and the Goal I come together. You can use similar short one-by-one comparisons between the goal in each row and all the goals in the columns of the triangular array.

NOTE: In both row and column headings each goal can be identified with a few words below the goal number. (Use the same numbers as on the other worksheets.)

L-T Family Goal #1	S-T Family Goal #1	L-T Family Goal #2	S-T Family Goal #2

FINAL MANAGEMENT PLAN

Management Statement:_____

Activity or Enterprise	Timing (months of the year)	Effort (Labor) Commitment (man/woman months)	Money (Funding) Commitment (total dollars & borrowed dollars)

Management Skills Commitment (Timing and Nature of Skills) (money mgt., crop or lvstk., mgt.)	Expected Returns & Inventories			
	Income	Grain	Livestock	Family Life Benefits

Now that you have completed your final management plan you have a management blueprint for next year. To assist you in following your plan a "Farm Planning Calendar" is available from Rural Service Centers or Extension Agrologists. You can copy information to the Farm Planning Calendar to jog your memory about plans you have made for next year

You will find it useful to review your goals on a regular basis with your spouse and/or business associate and prepare a management plan each year.

What Are Sam's Priorities?

By Paul H. Gessaman Extension Agricultural Finance Economist

Sam was an energetic farmer who was well known throughout the community. While he always seemed to be a very busy and hard working man, he was never in too much of a hurry to stop and visit for a few minutes with friends and neighbours. He had inherited a moderate-sized farm and an adequate line of machinery. It seemed that he had everything needed to be a successful cash grain farmer. As the years went by, it became evident that farming just wasn't working out for Sam. His fallow fields almost never looked really clean and neat. Almost every year he lost the struggle to get the crops planted on time. Pesticides and fertilizers often were applied too late to be really effective. Wheat harvest often was finished after the snow came. Sam often summed it up by saying, "Things just never seem to work out".

Sam was visiting with his agricultural consultant one day and commented that the more he worked the more he seemed to get behind. The consultant suggested that Sam keep a written record of major work activities and farming events during the next year. He offered to sit down with Sam at the end of the year to discuss the work record insights about Sam's priorities in life.

Sam responded, "Work is my first priority". But, he agreed to keep a written record of his major time commitments and work activities during the coming year. As he said to his wife, "What do I have to lose?" And, he secretly expected the record would show that he put in more work time than anyone else in the community.

When the next winter came, Sam and his consultant got together to look over the work record for the year. Among other things, they discovered that:

- When work for all purposes was included, Sam had worked an average of more than 65 hours a week during March through November and about 55 hours a week during the rest of the year.

- Seedbed preparation and seeding had been delayed by about two weeks because Sam's tractor was in the shop for repairs in April. (It had been clear the previous fall that the tractor was "ill", but Sam thought it wasn't serious enough to require repairs.)

- During February and March, Sam had worked nearly full time without pay while helping his neighbour build a sprayer in his farm shop. When his wife asked why he was using so much time that way, Sam had responded that the work was fun and he enjoyed working with the neighbour.

- Throughout the spring and summer, Sam had spent an average of 15 hours a week tending a wildlife-area tree planting that he had put in the previous year on 12 otherwise non-productive acres.

- About half of the soybeans were very weedy as Sam didn't want to borrow for herbicides. He didn't have cash on hand as in late April he had spent more than $14,000 on another four-wheel drive pickup.

- Sam's wife had been more than a little disturbed with him throughout the summer as the freezer had broken down and most of the frozen food spoiled before she discovered it. (She moved the unspoiled food to the locker plant in town.) Every time she mentioned that they needed a new freezer, Sam Said, "There isn't enough money to buy one".

- The last of the milo was not cultivated. It was ready to cultivate a few days before wheat harvest started. Then, Sam discovered the combine motor needed a new cylinder head gasket. By the time the combine was repaired, the wheat was waiting. After the wheat harvest, the milo and weeds were too large to cultivate.

- Only half of the field borders were sprayed with herbicide. Sam was "hassled" by the neighbours because the unsprayed borders raised a prime crop of sow thistle and cocklebur. Repair time and tire replacement costs for the grain truck were very high. During harvest the truck driver ran over a hitch of spike harrow that had been "parked" in tall grass along the edge of a field.

- Part of the fallow land on which Sam intended to plant winter wheat wasn't in shape for planting in September. It had had a moderate infestation of weeds in early August when Sam and his wife left for two weeks of work on the renovation of a church camp located at the other end of the state. When they returned, the weeds were so large and the soil was so dry that cultivation was ineffectual.

- Wheat harvest started late, required lots of labour and fuel and wasn't finished until after the first snow. Rain in October had made grain drying a necessity and repairs for the 10 year old grain dryer had to be shipped from the factory. After Sam found that it needed repair, he recalled that "the dryer wasn't working right" when last shut down.

Sam and his consultant discussed this information and its meaning related to the management of Sam's farming operation and family life.

The consultant wasn't too enthusiastic about the things he saw. Sam defended his use of time and money saying, "But, I work harder than anyone else in the community". His consultant's answer was, "Maybe you really need to work smarter, not harder".

Do you think that Same knows where his farming operation is going, how he is going to get there, and when he will arrive at his intended destination? In other words:

- Would you say that Sam had identified his farming goals?
- Does Sam have, and follow, management priorities?
- Does "work is my first priority" make Sam a good manager?
- How might Sam's work situation be improved?

Think for a few minutes about these questions, and your impressions of Sam's approach to business management and family life. Discuss your reactions with your spouse and/or business associates. On the lines below, record your answers to the four questions and any other ideas, thoughts or concerns that emerged in your discussion.

Do you think that Sam has identified his farming goals?

What are Sam's priorities for management?

Does his hard work make Sam a good manager?

What should Sam do to make his work more effective?

Other ideas, thoughts, concerns or reactions?

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